

Drew Harwell, “Trump Once Revealed His Income Tax Returns: They Showed He Didn’t Pay a Cent” –from *The Wall Street Journal*, May 21, 2016

The last time information from Donald Trump’s income-tax returns was made public, the bottom line was striking: He had paid the federal government \$0 in income taxes.

The disclosure, in a 1981 report by New Jersey gambling regulators, revealed that the wealthy Manhattan investor had for at least two years in the late 1970s taken advantage of a tax-code provision popular with developers that allowed him to report negative income.

Today, as the presumptive Republican presidential nominee, Trump regularly denounces corporate executives for using loopholes and “false deductions” to “get away with murder” when it comes to avoiding taxes.

“They make a fortune. They pay no tax,” Trump said last year on CBS. “It’s ridiculous, okay?”

The contrast highlights a potentially awkward challenge for Trump.

He has built a political identity around his reputation as a financial whiz, even bragging about his ability to game the tax code to pay as little as possible to the government — a practice he has called the “American way.” Moreover, he has aggressively pursued tax breaks and other government supports to bolster his real estate empire. But that history threatens to collide with his efforts to

too working-class voters who resent that they often pay higher tax rates than the wealthy who benefit from special loopholes.

Trump's personal taxes are a mystery. He has refused to release any recent returns, meaning the public cannot see how much money he makes, how much he gives to charity and how aggressively he uses deductions, shelters and other tactics to shrink his tax bill.

Trump, who said last week on ABC that his tax rate is "none of your business," would be the first major-party nominee in 40 years to not release his returns.

In an interview this week, Trump said that he has paid "substantial" taxes but declined to provide specifics.

He reiterated that he fights "very hard to pay as little tax as possible."

"One of the reasons is because the government takes your money and wastes it in the Middle East and all over the place," he said.

Trump's contradictory approaches have been apparent for years.

He criticized 2012 Republican nominee Mitt Romney for delaying the release of his returns. Romney, a former private-equity executive, had come under fire for paying a low tax rate because most of his income came from investments.

"It's a great thing when you can show that you've been successful and that you've made a lot of money," Trump said at the time.

Romney eventually released returns showing that, for his 2011 taxes, he chose not to take certain deductions, bringing his tax rate more in line with that of average Americans.

Trump, early in his campaign, seemed ready to give voters a look at his tax filings.

In January, he said on NBC's "Meet the Press" that he was ready to disclose his "very big . . . very beautiful" returns.

But as his campaign gained momentum, Trump backed away from his declaration. He first claimed that ongoing audits by the Internal Revenue Service prevent disclosure.

Then last week, he told the Associated Press that voters are not interested in seeing his tax filings and that "there's nothing to learn from them."

Trump's new position has unnerved some tax experts, who see value in the tradition of transparency by presidential contenders.

"At some point, he could be the tax collector in chief. He'd supervise the IRS, making sure all of us live up to our own tax responsibilities," said Joe Thorndike, a director at Tax Analysts, a nonpartisan, nonprofit group that specializes in tax policy. "People deserve to know . . . how a person like that plays the game."

Trump's stance has become an issue in the campaign.

[Romney said](#) on Facebook last week that refusing to release tax returns should be "disqualifying" for any nominee and speculated that Trump's returns could be hiding a "bombshell of unusual size." Senate Majority Leader Mitch McConnell (R-Ky.) weighed in this week, telling reporters that Trump will "have to make that decision himself" but that presidential candidates' releasing their returns has "certainly been the pattern for quite some time."

[\[Mitt Romney believes 'there's a bombshell in Donald Trump's taxes'\]](#)

Trump's likely Democratic opponent, Hillary Clinton, who has disclosed decades of tax returns, released a 60-second ad last week asking, "What's Donald Trump hiding?"

"You've got to ask yourself: 'Why doesn't he want to release it?' " Clinton said at a New Jersey rally last week. "Yeah, well, we're gonna find out."

Bob McIntyre of the liberal group Citizens for Tax Justice suspects Trump's tax returns, if made public, would undermine the political image the candidate has crafted of a brilliant businessman with what his campaign has called "tremendous cash flow."

Trump may be worried that "he'd show very little income on his tax returns compared to his wealth claims," McIntyre said, adding that Trump's returns could also show that he "writes off everything he has in his life — the hairdo, the plane — as business expenses."

Trump has repeatedly said that he would be open to sharing his returns. In 2011, he said he would release them after President Obama released his long-form birth certificate but never did after the certificate's release. In 2014, he said he would "absolutely" release them "if I decide to run for office." Last year, he said he would release them when "we find out the true story on Hillary's emails."

To back his refusal, Trump has released a letter from his tax attorneys that said his tax returns had been audited by the IRS since 2002, and that audits on the returns since 2009 were still underway.

The attorneys' letter also said returns from 2002 to 2008 had been closed administratively by the IRS, meaning their audits had been completed. Trump said in an interview that he would still not release those returns because "they're all linked."

But experts say that Trump is free to release his tax records. President Richard Nixon released his returns while under audit. Nothing, including an audit, “prevents individuals from sharing their own tax information,” an IRS spokesman said.

The only window into Trump’s handling of his income taxes came during the 1981 New Jersey gambling commission report.

Trump had submitted his 1978 and 1979 returns to the regulators as part of an application for a casino license. State records summarizing the returns show that Trump claimed that his combined income during those two years was negative \$3.8 million, allowing him to pay no taxes. A few years earlier, he had told the New York Times he was worth more than \$200 million.

Tax analysts say it is possible that Trump pays very low income taxes, or no taxes at all, using tactics available to wealthy investors and developers, such as depreciating the value of real estate.

When asked this week whether he pays income taxes, Trump said, “I will give that to you as soon as I get my audit finished.” He added later, “But with that being said, when you’re in the real estate business, you do have certain tax advantages.”

Trump has benefited from public money by aggressively seeking large tax reductions at developments including Trump Tower.

His first major development, the Grand Hyatt Hotel in midtown Manhattan, built in partnership with Chicago’s wealthy Pritzker family, was made possible with the help of a New York City tax subsidy worth \$400 million over 40 years, according to city records.

It was New York's first-ever tax abatement for a commercial property, secured by Trump with help from his developer father's political allies, according to "[Trump: The Deals and the Downfall](#)," a biography on Trump's developments by investigative reporter Wayne Barrett.

Trump has defended his use of public tax assistance to boost private projects. He said opponents of such government supports, including some conservatives, are out of touch with reality.

"The true conservative philosophy is that a thing like that shouldn't happen. But they're in the world of the make-believe," Trump said in an interview. "The real world is that without certain tax abatements, you have a choice. The job could get built . . . or you don't have to have anything. It could just go stagnant, and a town can die."

Trump's strategy to ease his company's tax burden has resulted in sore feelings in some communities, where local governments rely heavily on tax receipts from large businesses.

In Ossining, N.Y., home to a Trump National Golf Club, town officials say that a tax break being sought by the company would cost their coffers more than \$200,000 a year.

In seeking the reduction, Trump's attorneys have claimed that the club is worth far less than the roughly \$15 million value assessed by the city.

Trump's attorneys have filed papers with the state claiming that the "full market value" of the property is \$1.4 million. The same golf course appears on Trump's new financial disclosure form released this week as part of his presidential campaign — valued by him at more than \$50 million.

Trump attorney Alan Garten did not respond to questions about the discrepancy.

Ossining Town Supervisor Dana Levenberg, a Democrat, expressed frustration that Trump seemed to be gaining “at other people’s loss.”

“It’s hard to look at someone who talks about their wealth frequently and think they got that successful on other people’s backs,” she said.